



SACHI A. HAMAI  
EXECUTIVE OFFICER

## COUNTY OF LOS ANGELES BOARD OF SUPERVISORS

KENNETH HAHN HALL OF ADMINISTRATION  
500 WEST TEMPLE STREET, ROOM 383  
LOS ANGELES, CALIFORNIA 90012  
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### MEMBERS OF THE BOARD

GLORIA MOLINA

MARK RIDLEY-THOMAS

ZEV YAROSLAVSKY

DON KNABE

MICHAEL D. ANTONOVICH

November 7, 2012

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, CA 90012

Dear Supervisors:

**AMENDMENTS TO THE LOS ANGELES COUNTY CAMPAIGN FINANCE ORDINANCE  
AND AUTHORITY TO SET FOR HEARING THE ADOPTION OF A PROPERTY TAX  
AGENT REGISTRATION ORDINANCE AND ASSOCIATED FILING FEES  
(ALL DISTRICTS) (3 VOTES)**

**SUBJECT**

Recommendation to adopt amendments to the Los Angeles County Campaign Finance Ordinance and authority to set for public hearing the adoption of a Property Tax Agent Registration Ordinance and Associated Filing Fees.

**IT IS RECOMMENDED THAT YOUR BOARD:**

1. Approve for introduction the accompanying ordinance amending Title 2 – Administration of the Los Angeles County Code related to Political Campaign for County Office to prohibit contributions from Tax Agents to the County's Assessor or candidates for Assessor.
2. Instruct the Executive Officer of the Board of Supervisors to publish a notice and set for public hearing, pursuant to Government Code Section 66018 and 6062a, the adoption of the Property Tax Agent Registration Ordinance which implements a tax agent registration fee.

**AFTER THE PUBLIC HEARING, IT IS RECOMMENDED THAT YOUR BOARD:**

Adopt the ordinance implementing the Property Tax Agent Registration Program, which imposes the tax agent registration fee.

**PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

On August 28, 2012, your Board instructed the Office of County Counsel, Executive Officer and Registrar-Recorder/County Clerk, among other actions, to draft an ordinance banning campaign contributions from tax agents.

The ordinance amendment prohibits campaign contributions from tax agents to the County Assessor and candidates for Assessor and is narrowly tailored and focused to address the corruption issues that have been alleged in that office. This campaign contribution ban amends the County's Campaign Finance Ordinance, by adding a specific provision prohibiting tax agents from making contributions to the campaign or office holder accounts or attorney's fees fund for any Assessor or candidate for Assessor, and prohibiting any Assessor or candidate for Assessor from soliciting or accepting such contributions.

In addition, the Board also instructed the Office of County Counsel, Executive Officer and Registrar-Recorder/County Clerk, to establish an ordinance that require tax agents to register in order to produce annual and quarterly reports, to list the individuals they are representing and any contributions that have been made to elected officials within the entire County.

The ordinance implementing the Tax Agent Registration Program includes a Tax Agent annual filing fee of \$525. The Executive Office has conducted a cost study and has determined the expected cost impact of the tax registration process, in terms of staffing and ongoing costs, to be \$905,884 annually. It is expected that these costs will be offset by the annual \$525 tax agent registration fees. There are approximately 1,725 different tax agents, however, because sometimes the tax agency firm is listed with the principal agent's name only, the number could be much higher.

**IMPLEMENTATION OF STRATEGIC PLAN GOALS**

The recommended action is consistent with principles of the countywide Strategic Plan Goal 1: Operational Effectiveness.

### **FISCAL IMPACT/FINANCING**

There will be no cost to the County; the Tax Agent Registration fees will offset the cost of the Program.

### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

On June 6, 2012 your Board instructed the Office of County Counsel, Executive Officer and Registrar-Recorder/County Clerk to draft language for a new ordinance that ensures increased transparency in the property tax arena in the County of Los Angeles and prohibits campaign contributions from tax agents who have business before the Assessor, Assessor's staff, Assessment Appeals Board and Assessment Hearing Officers.

County Counsel, in consultation with the Executive Officer, and Registrar-Recorder, has drafted amendments to the Campaign Finance Ordinance to address tax agents who practice in Los Angeles County and have business before the Office of the Assessor, Assessment Appeals Board, and Assessment Hearing Officers. The ordinance amends Title 2 – Administration of the Los Angeles County Code by amending Chapter 2.190 which sets forth the Campaign Finance requirements for Political Campaigns for County office.

In addition, County Counsel, in consultation with the Executive Officer, and Registrar-Recorder, has prepared an ordinance that requires the registration of tax agents who practice in Los Angeles County. The ordinance amends Title 2 of the Los Angeles County Code by adding Chapter 2.165. This new chapter sets forth detailed registration requirements for all tax agents. The ordinance also establishes an annual filing fee.

Pursuant to Government Code Section 66018, a public hearing will be set and a notice will be published in accordance with Government Code Section 6062a, for the adoption of a Property Tax Agent Registration Ordinance and associated filing fees.


**IMPACT ON CURRENT SERVICES (OR PROJECTS)**

Your approval of these recommendations will increase the transparency in the property tax arena.

Respectfully submitted,

  
John F. Krattli  
County Counsel

  
Sachi A. Hamai  
Executive Officer, Board of Supervisors

  
Dean C. Logan  
Registrar-Recorder/County Clerk

SAH:hc

Attachments

c: Executive Officer, Board of Supervisors  
Chief Executive Officer  
County Counsel





COUNTY OF LOS ANGELES  
OFFICE OF THE COUNTY COUNSEL

648 KENNETH HAHN HALL OF ADMINISTRATION  
500 WEST TEMPLE STREET  
LOS ANGELES, CALIFORNIA 90012-2713

JOHN F. KRATTLI  
County Counsel

October 31, 2012

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Agenda No. 3  
08/28/12

TO: SUPERVISOR ZEV YAROSLAVSKY, Chairman  
SUPERVISOR GLORIA MOLINA  
SUPERVISOR MARK RIDLEY-THOMAS  
SUPERVISOR DON KNABE  
SUPERVISOR MICHAEL D. ANTONOVICH

FROM: JOHN F. KRATTLI *John F. Krattli*  
County Counsel

SACHI A. HAMAI  
Executive Officer, Board of Supervisors

DEAN C. LOGAN  
Registrar-Recorder/County Clerk

RE: **County Ordinances Regarding Transparency in the Property  
Tax Arena**

**Purpose of the Memorandum**

This memorandum is to provide an update on the action items authorized by your Board on August 28, 2012, regarding transparency in the property tax arena. We have drafted changes to the campaign finance ordinance to prohibit campaign contributions from tax agents to the County Assessor and candidates for Assessor. In addition, we have drafted a new ordinance requiring the registration of tax agents practicing in Los Angeles County. Both ordinances will be presented to your Board for your consideration at your November 7, 2012, Board meeting.

**Summary**

On August 28, 2012, your Board directed the County Counsel to draft an ordinance banning campaign contributions from tax agents. The proposed ordinance prohibits campaign contributions from tax agents to the County Assessor and candidates for Assessor and is narrowly tailored and focused to address the corruption issues that have been alleged in that office. This campaign contribution ban amends the County's campaign finance ordinance, by adding a specific provision prohibiting tax agents from making contributions to the campaign or officeholder accounts or attorney's fees fund for the Assessor or any candidate for Assessor, and prohibiting the Assessor or any candidate for Assessor from soliciting or accepting such contributions.

In addition, a new tax agent registration ordinance is provided that would require registration and reporting to ensure transparency. The tax agent registration ordinance adds Chapter 2.165 to the Los Angeles County Code and would establish a registration process, similar to the lobbyist registration. It also mirrors many of the requirements set forth in AB 2183, the failed State bill that would have required tax agent registration statewide.

This ordinance requires tax agents to annually register, pay a registration fee, and submit quarterly reports identifying campaign contributions to any elected official or candidate as well as the taxpayers represented by the tax agent. Enforcement measures include fines, and after a grace period, prohibiting tax agents who fail to register from conducting business before the Office of the Assessor, Assessment Appeals Board, and Assessment Hearing Officers ("Assessment Appeals"). Additionally, the Executive Office has also determined the cost impact to its department, as well as the staffing and office space needs to implement the tax agent registration process.

In the continuing effort to increase accountability and transparency in the property tax arena, the Executive Office has also submitted suggested legislative changes to the Chief Executive Office ("CEO") proposing amendments to both the Government Code and Revenue and Taxation Code as described in more detail below. Lastly, both the Executive Office and Registrar-Recorder/County Clerk ("RRCC") continue to work together with the CEO to implement computer enhancements in order to generate regular reports on tax agent activities.

### **Campaign Finance Ordinance**

Chapter 2.190, the County's campaign finance ordinance, would be amended to prohibit contributions from tax agents to the County Assessor or candidates for Assessor. The ordinance adds a specific provision prohibiting tax agents from making contributions to the campaign or officeholder accounts or attorney's fees fund for any Assessor or candidate for Assessor, and prohibiting any Assessor or candidate for Assessor from soliciting or accepting such contributions.

The ordinance has been narrowly tailored and focused on curbing the corruption allegations that have arisen in the Office of the Assessor to help promote integrity in the tax agent-Assessor relationship and to restore public confidence in the tax assessment process. Additionally, the ordinance includes legislative findings for your Board to adopt which assist in describing the harms the County is seeking to address. The findings include specific facts detailing the alleged corruption as well as discussing the Board's substantial interest in maintaining the integrity of the tax rolls and reducing the opportunity for tax agents to obtain favors from the Assessor in exchange for financial support.

### **Tax Agent Registration Ordinance**

As requested by your Board, and in light of the Legislature's recent failure to adopt a bill that would have required tax agent registration on a statewide basis, our offices have worked together to develop a new local ordinance that requires the registration of tax agents who practice in Los Angeles County on Assessment Appeals. The ordinance amends Title 2 of the Los Angeles County

Code by adding Chapter 2.165. This new chapter sets forth detailed registration requirements for tax agents.

Tax agents would be defined as persons who are employed, under contract, or otherwise receive compensation to communicate directly, or through agents, employees, or subcontractors, with the Assessor, Assessment Appeals Board, Assessment Hearing Officers, or any other non-clerical County employee within the Office of the Assessor for the purpose of influencing official action. Attorneys, as well as corporate in-house employees, who are paid to influence official action in Assessment Appeals would be included within the definition of tax agent under the ordinance.

The ordinance requires annual registration and quarterly reports of:

- 1) all campaign contributions made to any elected official or candidate for elected office in any jurisdiction within Los Angeles County, other than the Assessor or candidate for Assessor;
- 2) the identities of taxpayers whom the tax agent is authorized to represent in connection with any matter on Assessment Appeals; and
- 3) the Assessor's Identification Numbers (AINs) of the properties for which the tax agent is authorized to represent a taxpayer in connection with Assessment Appeals.

The ordinance echoes the campaign contribution ban set forth in the proposed amendment to Chapter 2.190 and also Enrolled agents (individuals enrolled as agents to practice before the Internal Revenue Service) and persons representing:

- 1) themselves;
- 2) an immediate family member; or
- 3) an entity of which the person is a partner, officer, or owner of ten percent or more of the value of the entity from the County's registration process,

would not be included within the definition of tax agent.

The ordinance also establishes an annual registration fee of \$525. As explained below, the Executive Office has conducted a cost study and determined the anticipated costs of the tax agent registration process, in terms of staffing and ongoing costs, to be \$905,884 annually. It is expected that these costs will be offset by the annual \$525 tax agent registration fees.

In order to allow the Executive Office sufficient time to hire staff and complete computer system enhancements, July 1, 2013, is proposed as the effective date of the registration requirement. This effective date also coincides with the beginning of the Assessment Appeals filing period and allows other departments, such as the Assessor, Treasurer and Tax Collector and Auditor-Controller, to revise their taxpayer notices to provide information regarding the new tax agent registration requirements so that all taxpayers are aware of the tax agent registration requirement.

However, the provision of the ordinance preventing a tax agent from representing a taxpayer on Assessment Appeals upon the failure to register is proposed to take effect on July 1, 2015. This ensures ample time to alert taxpayers and tax agents of the registration requirement so that taxpayer appeals are not delayed or impacted by the new requirement. All other enforcement provisions are effective as of the implementation of the ordinance on July 1, 2013, including the imposition of fines for non-compliance.

### **Impact on Executive Office**

The Executive Office plans to implement the tax agent registration program within the Assessment Appeals Division which currently interacts with the tax agents and other County departments responsible for the local property tax system.

The tax agent registration program will involve identifying tax agents, processing registrations, receiving tax agent reports, and publishing quarterly activity reports. Another aspect of the program will involve the investigation of violations and imposition of sanctions on tax agents which will be phased in over a two-year period.

There are approximately 1,725 individuals of which we are aware that would meet the definition of tax agent under the proposed ordinance, however, because sometimes the tax agency firm is listed with the principal agent's name only, the number could be much higher. The Assessment Appeals Division presently oversees 35 Board Members/Alternates and 30 Hearing Officers. Given the current scope and size of the new program requirements, the Executive Office is requesting ten additional positions to provide technical, administrative, analytical, and clerical functions related to administering the registration program.

The number and levels of the requested ordinance positions are necessary for both the administration and enforcement of the program, in addition to providing efficient interaction with the tax agents, other County departments, and the State Board of Equalization, to ensure taxpayers can effectively present their case. As previously stated, the anticipated costs of this program to the Executive Office is approximately \$905,884 annually, but will be offset by the tax agent registration fees. The program is expected to cost approximately \$432,295 during the first six months, and the Executive Office is asking for general funds to cover this portion of the costs. A Board letter from the Executive Office confirming the appropriation authority and ordinance positions will be filed with your Board for review and approval at the same time as the public hearing on the registration fee.

### **Legislation**

As was previously reported, AB 404 failed to pass the Senate on August 31, 2012, the last day of the legislative session, and AB 2183 was pulled by the author and was never subsequently reintroduced.

However, the Executive Office has submitted suggested legislative changes to the CEO to amend sections in both the Government and Revenue and Taxation Codes which would increase accountability and transparency in the property tax arena. Specifically, the Executive Office has proposed amendments to:

1. Revenue and Taxation Code section 1365 to include in the definition of "conflict of interest" a campaign contribution when the contribution is made or offered by a person or firm that engages in advocacy on behalf of a taxpayer before a County Board of Equalization, Assessment Appeals Board, Assessment Hearing Officer or the Assessor's staff in exchange for advice, special treatment or other services relating to the taxation or assessment of properties.

2. Government Code section 15640 to expand the State Board of Equalization's periodic surveys of Assessor offices statewide.

3. Government Code section 53087.6 to expand statewide whistleblower protections to employees who report certain forms of wrongdoing in an Assessor's office.

Lastly, the Executive Office recommends that your Board direct Chief Deputy Assessor Santos Kreimann to revise and expand the Office of the Assessor's Code of Ethics to address any alleged wrongdoing in that office.

### **Computer Systems Enhancement**

Both the Executive Office and RRCC continue to work together with the CEO to implement computer enhancements in order to generate regular reports on tax agent activities. The enhancements will also allow for the tracking and reporting of campaign contributions made by tax agents and tax agent firms. Additionally, RRCC has determined that they can make the necessary computer enhancements using in-house programmers; therefore, RRCC does not intend to request additional funding from the CEO as originally anticipated. The Executive Office and RRCC will report back separately to your Board on their respective computer systems enhancement efforts.

### **Reporting Requirements**

In the event your Board adopts the two proposed ordinances, RRCC will revise its instructions to all campaign treasurers to specifically identify contributors as tax agents and/or tax agent firms in the appropriate "Occupation and Employer" section of their candidates' California Form 460. RRCC will report back separately to your Board on this issue.

If you have questions concerning this matter, please contact Chief Deputy County Counsel Richard D. Weiss, Executive Officer Sachi A. Hamai, or Registrar-Recorder/County Clerk Dean C. Logan.

JFK:DRH:plp

Enclosures

c: William T Fujioka  
Chief Executive Officer

Santos H. Kreimann  
Chief Deputy Assessor

Wendy L. Watanabe  
Auditor-Controller

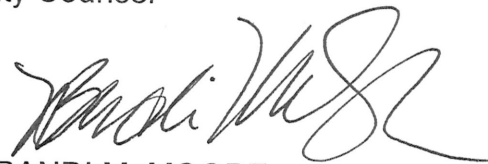
Mark J. Saladino  
Treasurer and Tax Collector

## ANALYSIS

This ordinance amends Chapter 2.190 of Title 2 - Administration of the Los Angeles County Code related to Political Campaigns for County Office (Proposition B – Campaign Finance) to prohibit contributions from tax agents to the County's Assessor or candidates for Assessor.

JOHN F. KRATTLI  
County Counsel

By



BRANDI M. MOORE  
Senior Deputy County Counsel  
Government Services Division

BMM:plp

August 30, 2012 (Requested)  
September 13, 2012 (Revised)  
October 24, 2012 (Revised)  
October 29, 2012 (Revised)  
October 30, 2012 (Revised)

**ORDINANCE NO. \_\_\_\_\_**

An ordinance amending Title 2 - Administration of the Los Angeles County Code, relating to campaign contributions to the Assessor or candidates for the office of Assessor.

The Board of Supervisors of the County of Los Angeles ordains as follows:

**SECTION 1.** Section 2.190.010 is hereby amended to read as follows:

**2.190.010 Findings.**

A. The people of the County of Los Angeles find that as the cost of campaigning for County office increases, there is the need to raise larger and larger amounts of money, much of which may come from interest groups with a stake in matters pending before County officers. While citizens of the County should be allowed to make financial contributions to political campaigns for County offices as a legitimate form of participation in the political process, there is a need to reduce the opportunity for persons or organizations to use their financial strength to attempt to exercise control over candidates and the electoral process.

B. 1. The Board of Supervisors finds that events that came to light beginning in 2011, and more recently in 2012, in the County of Los Angeles have generated questions regarding the integrity of the Assessor's office. Felony indictments by the District Attorney of the County's elected Assessor, Assessor employees, one tax agent, and an ongoing criminal investigation of the Assessor's office and additional staff, have eroded the public's confidence in the elected Assessor. In addition, numerous investigative media reports have alleged significant "pay to play" activities within the Assessor's office.



2. The Assessor manages the County's property tax assessment roll, representing a value of approximately \$14 billion per year. The Assessor, whose fundamental duty it is to fairly determine the value of property so that fair and accurate tax bills may be issued and collected, has a clear fiduciary obligation to the taxpayers of the County. It is crucial that there be public confidence in the elected Assessor and his or her staff, and that property taxes in the County are assessed legally, properly, without special-interest influence, and in a manner that is equitable to all property owners and the citizens of the County.

3. The District Attorney's investigation has resulted in the filing of two criminal complaints alleging that political contributions to the County's Assessor from at least one tax agent were made to ensure that properties represented by the tax agent were assigned values far below their fair market value, resulting in unwarranted property tax refunds paid by the County to property owners. The tax agent, in turn, received a percentage of the tax refunds as a fee for services. The criminal complaints demonstrate that the County's elected Assessor and at least two Assessor employees allegedly personally interceded on cases involving the tax agent in order to enroll the values requested by him. The investigation paints a disturbing picture of "pay to play" activities, which would result in lost revenue to the County, its taxing agencies, and every taxpayer in the County. Such allegations of unethical conduct undermine the credibility of the Assessor's office, compromise its ability to carry out its lawful functions, erode the public trust in the tax assessment process, and present an appearance of corruption.



4. According to the first indictment and arrest warrant filed on May 16, 2012, by the District Attorney, one Assessor office employee was charged with 60 felony counts, including keeping false records or making false entry or erasure of accounts of public moneys by reducing property values in exchange for contributions and/or favors to the County's Assessor. The indictment alleges that various reductions in property values were made without supervisor approval or documentation or evidence in support of the change, on properties represented by known campaign donors to the County's Assessor, and include conduct such as: (a) reducing a newly appraised property value of \$4 million to \$2.8 million while that parcel was scheduled for assessment appeal hearing; (b) changing the base value of a parcel with a new purchase price of \$2.15 million to \$1.5 million; (c) reducing the value of a parcel from \$3.11 million to \$2.1 million after denying a decline in value request submitted one year after a parcel was purchased and without the applicant submitting comparables or evidence; (d) attempting to reduce the value of a parcel from \$15.8 million to \$10 million, without any pending application submitted to the Assessor's office for review; (e) reducing a parcel value from \$9.1 million to \$6 million after another appraiser had denied reduction because market value was in excess of the assessment; (f) reducing a parcel value from \$3.4 million to \$2.3 million, and another from \$1.76 million to \$950,000, without any pending applications submitted to the Assessor's office for review; and (g) reducing a value found by the Assessment Appeals Board of \$2.7 million to \$1.7 million although having no authority to override a Board found value.

5. On October 16, 2012, the District Attorney filed a second indictment containing 31 felony counts against the County's elected Assessor, one Assessor employee, and one tax agent, charging them each with multiple counts including bribery, misappropriation of funds, perjury, embezzlement and conspiracy.

6. While the Board recognizes that the Assessor's office has many honest and hardworking employees, the criminal complaint alleges a pattern and practice of corruption or the appearance of corruption within the office, assigning requested value changes for political supporters or on property represented by political supporters.

7. The criminal complaint alleges that the County's Assessor accepted at least four payments totaling \$185,000 from a tax agent with appeals pending before the Assessment Appeals Board and failed to report the payments on his Statement of Economic Interest. The criminal complaint further alleges that the same tax agent made payments of approximately \$100,000 to another Assessor employee. Additionally, multiple witnesses interviewed by the District Attorney's office stated that tax agents who contributed to the County Assessor's campaign had extraordinary access to him, as well as priority with regard to matters relating to properties they represented.

8. For example, four parcels of property which comprised the site of a landmark Hollywood eatery were purchased for \$14 million. Following payments to the County's Assessor from a tax agent who represented the owners of the parcels, the values of the four parcels were reduced to \$7.6 million, \$6.3 million and \$4.8 million for tax years 2008, 2009 and 2010 respectively. One month after receiving tax refunds, the parcels sold for \$21 million.

9. The Board of Supervisors has a substantial interest in maintaining the integrity of the tax rolls and ensuring that revenues due to the public are properly and legally assessed and collected without undue influence. Such interest includes protecting the rights of taxpayers, holding tax agents to the highest ethical standards, and reducing the opportunity to influence the County's Assessor and his or her employees through contributions in order to receive tax reductions or special treatment.

10. The Board of Supervisors therefore finds that an amendment to this chapter is necessary and proper to prevent actual corruption or the appearance of corruption and to further its purposes by strengthening the laws governing contributions to the County's Assessor or candidates for Assessor by limiting the ability for the Assessor to use his or her official position to influence decisions on assessment matters where tax agents have contributed to Assessor campaigns, officeholder accounts, or attorney's fees funds.

**SECTION 2.** Section 2.190.030 is hereby amended to read as follows:

**2.190.030 Definitions.**

The following phrases, whenever used in this chapter, shall be construed as defined in this section:

A. "Bundling of contributions" means the making of contributions to a candidate through another person or entity who acts as an intermediary or conduit.

B. "Campaign expenditure" means any "expenditure" as that term is defined in Government Code Section 82025 which is made by a candidate or his or her controlled committee in furtherance of that candidate's effort to be elected to a County office. Campaign expenditures occurring at any time up to and including the date of the

primary election, even if prior to the filing for office, shall be considered campaign expenditures related to the primary election. If the candidate is a candidate in the general election, campaign expenditures occurring after the date of the primary election shall be considered campaign expenditures related to the general election, except to the extent any expenditure is to repay a debt incurred for the primary election prior to the primary election, in which case the expenditure will be a campaign expenditure related to the primary election.

C. "Candidate" means an individual, with regard to any primary or general election for either a Countywide office or supervisor, who is listed on the ballot or who has qualified to have write-in votes on his or her behalf counted by election officials or who receives a contribution or makes any expenditure with a view to bringing about his or her nomination or election.

D. "Committee" shall have the meaning set forth in Government Code Section 82013.

E. "Contribution" shall have the meaning set forth in Government Code Section 82015, except that as used in this chapter, "contribution" shall also include a loan or an extension of credit for a period of more than 30 days, other than loans or extensions of credit from financial institutions which are given in the regular course of business upon terms and conditions generally available to other customers of that financial institution.

F. "Controlled committee" shall have the meaning set forth in Government Code Section 82016.

G. "Countywide office" means the sheriff, the District Attorney and the Assessor of the County of Los Angeles.

H. "Registrar-Recorder" means the Registrar-Recorder/County Clerk for the County of Los Angeles.

I. "Personal funds of the candidate" means both the community and separate property of the candidate. "Personal funds of the spouse of the candidate" means only the separate property of the spouse.

J. "Political action committee" means any "general purpose committee" or "County general purpose committee" as those terms are defined by Government Code Section 82027.5.

K. "Political party" means any "qualified party" as described in Elections Code Section 5100.

L. "Inter-Candidate Transfer" means the transfer of campaign funds from a candidate as defined by Government Code Section 82007 or Section 2.190.030 C to any other candidate.

M. "Intra-Candidate Transfer" means the transfer of campaign funds between controlled committees of a single candidate as defined by Government Code Section 82007 or Section 2.190.030 C.

N. "Primary election" shall also include a special election, and "general election" shall also include the runoff for a special election.

O. "Person" shall have the meaning set forth in Government Code Section 82047.

P. "Supervisor" means a member of the Board of Supervisors of the County of Los Angeles.

Q. "Tax agent" means any individual who is employed, is under contract, or otherwise receives compensation to communicate directly, or through agents, employees or subcontractors, with the Assessor, an Assessment Appeals Board member, an Assessment Hearing Officer, or any other County employee within the Office of the Assessor whose duties are not primarily clerical or manual, for the purpose of influencing by any means, including promoting, supporting, influencing, seeking modification of, opposing or seeking delay of any official action which shall include locating all taxable property in the County, identifying ownership, establishing a taxable value for all property subject to property taxation, including the initial value, declines in value, corrections to values and any other changes in the taxable value set, completing an assessment roll showing the assessed values of all property, applying all legal exemptions to assessments, and deciding all property assessment disputes between taxpayers and the Assessor, if a substantial or regular portion of the activities for which he or she receives such compensation is for the purpose of influencing official action. A tax agent shall not include:

1. An elected or appointed public official or public employee when acting in his or her official capacity;

2. An enrolled agent pursuant to Part 10 of Title 31 of the Code of Federal Regulations; or

3. A person representing any of the following:

a. Himself or herself;

- b. An immediate family member; or
- c. An entity of which the person is a partner, officer, or owner of ten percent or more of the value of the entity.

**SECTION 3.** Section 2.190.135 is hereby added to read as follows:

**2.190.135 Tax Agent Contributions**

No Assessor or candidate for Assessor shall solicit or accept any contribution to his or her campaign for the office of Assessor or to his or her officeholder account or attorney's fees fund from any person who is a tax agent, or otherwise performed the duties of a tax agent, at any time in the previous 12 months. No person who is a tax agent, or otherwise performed the duties of a tax agent at any time in the previous 12 months, shall make any contribution to the Assessor or candidate for Assessor.

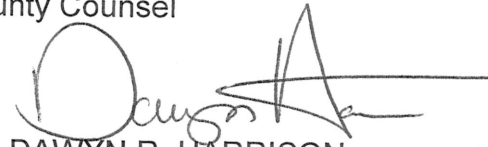
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## ANALYSIS

This ordinance amends Title 2 – Administration of the Los Angeles County Code to add Chapter 2.165 to implement a registration process for all tax agents practicing in Los Angeles County.

JOHN F. KRATTLI  
County Counsel

By

A handwritten signature in black ink, appearing to read "Dawyn R. Harrison", is written over a horizontal line.

DAWYN R. HARRISON  
Principal Deputy County Counsel  
Government Services Division

DH:plp

[Requested 10/12/2012]  
[Revised 10/22/2012]  
[Revised 10/30/12]



**ORDINANCE NO. \_\_\_\_\_**

An ordinance amending Title 2 - Administration of the Los Angeles County Code, to add Chapter 2.165 to implement a registration process for tax agents practicing in Los Angeles County.

The Board of Supervisors of the County of Los Angeles ordains as follows:

**SECTION 1.** Chapter 2.165 is hereby added to Title 2 – Administration, to read as follows:

**Chapter 2.165**

**TAX AGENTS**

**SECTIONS:**

**2.165.010 Definitions.**

**2.165.020 Tax Agent registration.**

**2.165.030 Registration amendments and termination.**

**2.165.040 Quarterly reports.**

**2.165.050 Public records.**

**2.165.060 Duties of tax agents.**

**2.165.070 General prohibitions.**

**2.165.080 Filing fees.**

**2.165.090 Enforcement**

**2.165.010 Definitions.**

The following terms, whenever used in this chapter, shall have the meaning set forth herein:

- A. "Contribution" shall have the meaning set forth in Government Code Section 82015, except that as used in this chapter, "contribution" shall also include a loan or an extension of credit for a period of more than 30 days, other than loans or extensions of credit from financial institutions which are given in the regular course of business upon terms and conditions generally available to other customers of that financial institution.
- B. "County official" means: the Assessor; an Assessment Appeals Board member; an Assessment Hearing Officer; and any other County employee within the Office of the Assessor whose duties are not primarily clerical or manual.
- C. "Enrolled agent" means any individual enrolled as an agent pursuant to Part 10 of Title 31 of the Code of Federal Regulations who is not currently under suspension or disbarment from practice before the Internal Revenue Service.
- D. "Gift" shall be defined as set forth in the Political Reform Act, Government Code Section 81000 et seq., and the regulations adopted thereunder; except that the exclusion for campaign contributions shall be defined and governed as set forth in this chapter.
- E. "Influencing official action" means representing a taxpayer as an agent in connection with any matter before any County official by promoting, supporting, influencing, seeking modification of, opposing or seeking delay of any official action, as described in paragraph F, below, by any means.

F. "Official action" means: locating all taxable property in the County; identifying ownership; establishing a taxable value for all property subject to property taxation, including the initial value, declines in value, corrections to values and any other changes in the taxable value set; completing an assessment roll showing the assessed values of all property; applying all legal exemptions to assessments; and deciding all property assessment disputes between taxpayers and the Assessor.

G. "Public official" and "public employee" means any government official or employee of any state or local government agency.

H. "Tax agent" means any individual who is employed, is under contract, or otherwise receives compensation to communicate directly, or through agents, employees or subcontractors, with any County official for the purpose of influencing official action, if a substantial or regular portion of the activities for which he or she receives such compensation is for the purpose of influencing official action. A tax agent shall not include:

1. An elected or appointed public official or public employee when acting in his or her official capacity;
2. An enrolled agent; or
3. A person representing any of the following:
  - a. Himself or herself;
  - b. An immediate family member; or
  - c. An entity of which the person is a partner, officer, or owner of ten percent or more of the value of the entity.

**2.165.020 Tax agent registration.**

A. Each tax agent, within 30 days after July 1, 2013, or within 30 days of first becoming a tax agent, shall file with the Executive Officer of the Board of Supervisors (Executive Officer) a registration containing the following information, or such different or additional information as determined by the Executive Office:

1. The tax agent's full name, business address, business telephone number and business email address (if applicable);
2. Name of tax agent's employing tax agent firm (if applicable); and
3. A statement that the tax agent has read and understands the prohibitions contained in Section 2.165.070.

B. A tax agent who is registered pursuant to this chapter shall retain that status through the next June 30<sup>th</sup>, unless and until that person terminates the status as provided by this chapter. Thereafter, each tax agent shall be required to renew the registration on an annual basis, and shall pay an annual registration fee to the Executive Officer, as provided in Section 2.165.080, on or before the 10th day of July of the year of renewal.

C. A person may not register or provide services as a tax agent if that person:

1. Has been convicted of any criminal offense under state or federal tax laws;
2. Has been convicted of any other criminal offense involving dishonesty, breach of trust, or moral turpitude; or

3. Has been disbarred or suspended from practice as an attorney, certified public accountant, public accountant, or actuary by any duly constituted authority of any state, territory, or possession of the United States, including a commonwealth, or the District of Columbia, any court of record, or any agency, body, or board.

**2.165.030 Registration amendments and termination.**

A. Within 30 days of any change in any of the registration information reported pursuant to Section 2.165.020, and before any attempt to influence official action on behalf of any previously unreported person or entity occurs, a tax agent shall file with the Executive Officer a revised registration.

B. When a tax agent ceases all activities related to influencing official action, this fact shall be so indicated in the last quarterly report filed pursuant to Section 2.165.040.

C. It shall be a violation of this chapter for any person to act as a tax agent under this chapter if that tax agent's registration has been suspended or that tax agent has been deregistered.

**2.165.040 Quarterly reports.**

No later than the end of the first month after the close of each calendar quarter, and prior to a registration termination as described in Section 2.165.030, the tax agent shall file with the Executive Officer a report of all:

A. Campaign contributions made by the tax agent to any elected official or candidate for elected office in any jurisdiction within Los Angeles County, other than the

Assessor or candidate for Assessor;

B. Taxpayers whom the tax agent is authorized to represent in connection with any matter before the Assessor, an Assessment Appeals Board or an Assessment Hearing Officer; and

C. Assessor's Identification Numbers (AINs) of the properties for which the tax agent is authorized to represent a taxpayer in connection with any matter before the Assessor, an Assessment Appeals Board or an Assessment Hearing Officer.

**2.165.050 Public records.**

Thirty days following the end of each calendar quarter, the Executive Officer shall compile a list of all tax agents. Such a list and each registration or report required to be filed pursuant to this chapter shall be a public record subject to disclosure under the provisions of the California Public Records Act. The Executive Officer shall provide the list of tax agents to the Registrar-Recorder electronically for compliance with Chapter 2.190 of this Code.

**2.165.060 Duties of tax agents.**

A. Every tax agent shall have an affirmative duty to do all of the following:

1. Comply with all applicable state and local laws, regulations and rules pertaining to property taxes including the California Revenue and Taxation Code, State Board of Equalization Property Tax Rules, and Rules of the Assessment Appeals Board.

2. Exercise due diligence in determining the correctness of oral or written representations made by the tax agent and the taxpayer, and otherwise be

thoroughly familiar with the facts pertaining to the matter before any County official.

3. Promptly submit records or information upon request of the County, its public officials, including any County official, or other public employees in any matter before a County official unless the tax agent provides statutory authority showing the records or information are privileged or otherwise confidential.

4. Not interfere, or attempt to interfere, with any proper and lawful effort by the County, its public officials, including any County official, or other public employees, to obtain any record or information unless the tax agent provides statutory authority showing the record or information is privileged.

5. Promptly advise a taxpayer, if the tax agent knows the taxpayer has not complied with applicable statutes, regulations, and rules or has made an error in or omission from any document submitted or executed under this chapter, of the fact of such noncompliance, error, or omission, and further advise the taxpayer of the consequences under the applicable statutes, regulations, and rules.

6. Promptly return any and all records of the taxpayer that are necessary for the taxpayer to comply with his or her legal obligations, although the tax agent may retain copies of the records returned to a taxpayer.

7. Include in any written or broadcast advertisement, promotion, offer, or solicitation of services a disclosure that the agent is registered in the County, including the tax agent's registration number in the County.

B. The existence of a dispute over fees with a taxpayer does not relieve the agent of his or her responsibilities under this section.

**2.165.070 General prohibitions.**

A. No tax agent shall engage in any of the following activities:

1. Directly or indirectly attempt to influence, or offer or agree to attempt to influence, the official action of any County official by the use of threats, false accusations, duress, or coercion, by the offer of any special inducement or promise of an advantage or by the bestowing of any gift, campaign contribution, favor, or thing of value.
2. Do anything with the purpose of placing any County official under personal obligation to the tax agent or another.
3. Use false or misleading representations with the intent to deceive a taxpayer in order to procure employment, or intimate that the tax agent is able to improperly obtain special consideration or action from the County or any County official.
4. Act or attempt to act in any way as a tax agent of a taxpayer, or falsely claim to be the tax agent of a taxpayer, without the valid authorization of that taxpayer to establish an agency relationship.
5. Deceive or attempt to deceive any County official with regard to any material fact pertinent to any pending or proposed tax-related decision or administrative action pending before the County or any County official.
6. Knowingly give false or misleading information, or participate in any way in the giving of false or misleading information to the County or any County official, in connection with any matter pending or likely to be pending before them. Facts or other matters contained in testimony, tax returns, financial statements, property



statements, exemption claims, exclusion claims, change in ownership statements, preliminary change in ownership reports, assessment appeals, affidavits, declarations, valuations, and any other document or statement, written or oral, are included in the term "information."

7. Use or participate in any way in the use of any form of public communication or private solicitation containing a false, fraudulent, or coercive statement or claim, or a misleading or deceptive statement or claim.

8. Willfully assist, counsel, or encourage a taxpayer to violate any federal, state, or local tax law, or knowingly counsel or suggest to a taxpayer an illegal plan to evade federal, state, or local taxes or the payment thereof.

9. Willfully, recklessly, or through gross incompetence submit or execute a document, make an oral representation, or advise a taxpayer to submit or execute a document or make an oral representation, that the tax agent knows or reasonably should know contains a position that is frivolous, lacks a reasonable basis, or represents a willful attempt to understate the property tax liability for tax or a reckless or intentional disregard of applicable statutes, rules, or regulations.

10. Willfully fail to prepare, execute, or submit required documents to the County, its public officials, including any County official, or other public employees, unless the failure is for reasonable cause and not due to willful neglect.

11. Violate Sections 17533.6 or 17537.9 of the Business and Professions Code.

12. Knowingly aid and abet another person to practice as a tax agent before the County or a County official during a period of suspension, deregistration, or

ineligibility of such other person to lawfully act as a tax agent.

13. Willfully represent a taxpayer before the County, its public officials, including any County official, or other public employees unless the tax agent is authorized to do so pursuant to this chapter.

14. Attempt to create a fictitious appearance of public favor or disfavor of any proposed official action or to cause any communication to be sent to any County official in the name of any fictitious person or in the name of any real person without the consent of such person.

15. Represent, either directly or indirectly, that the tax agent can control the official action of any County official.

16. No person who is registered under this chapter as a tax agent, or who is required to be registered under this chapter, or who has been so registered at any time in the previous 12 months shall make any contribution to the Assessor or candidate for Assessor consistent with Chapter 2.190 of this Code.

17. No tax agent shall make to a County official a gift or gifts of any monetary value. No tax agent shall act as an agent or intermediary in the making of any such gift or arrange for the making of any such gift by any other person.

B. No County official shall knowingly receive from a registered tax agent a gift or gifts of any monetary value.

**2.165.080 Filing and late payment fees.**

A. Each tax agent shall pay a filing fee when filing or renewing a registration pursuant to Section 2.165.020, according to the following fee schedule:

Initial Registration	\$525*
Annual Renewal of Registration	\$525

\*The initial registration fee will be prorated to \$262.50, if the tax agent registers after January 1 of the calendar year.

B. If the filing of an initial registration or annual renewal of registration pursuant to Section 2.165.020, a registration amendment pursuant to Section 2.165.030, or a quarterly report pursuant to Section 2.165.040, is made beyond its due date, in addition to the regular filing and renewal fees set forth in this section, late fees shall be paid as follows:

1. \$25 per day for the first ten days after the due date of the filing;
2. \$50 per day for the next ten days if the filing is not made within ten days after the due date; and
3. \$75 per day if the filing is not made within twenty days after the due date.

C. The Executive Officer may waive any additional fees imposed under this section, in whole or in part, if the Executive Officer determines that the violation was not willful and that collection of the additional fees would not further the purposes of this chapter.

### **2.165.090 Enforcement.**

A. Each tax agent, who represents a taxpayer in connection with any matter before any County official, by promoting, supporting, influencing, seeking modification of, opposing or seeking delay of any official action by any means, shall certify on the

form designated by the Executive Officer that the tax agent is familiar with the requirements of this chapter, and that any tax agent acting on behalf of the taxpayer have complied therewith and will continue to comply therewith throughout the tax agent's representation of the taxpayer. If any tax agent acting on behalf of the taxpayer fails to comply with the provisions of this chapter, the Executive Officer shall send the taxpayer a notice of the tax agent's non-compliance.

B. Any person may file a charge with the Executive Officer that any tax agent has violated any provision of this chapter.

C. The Executive Officer is delegated the authority to investigate any charge that a tax agent has violated this chapter, and to receive evidence and make determinations as to violations of this chapter. Upon receiving a charge that a tax agent has violated this chapter, the Executive Officer shall give such tax agent reasonable notice of the charge and an opportunity to present information in response thereto. The Executive Officer shall make a determination as to the accuracy of the charge and shall present this determination along with the reasons for the determination to the Board of Supervisors. If the Executive Officer's determination is that a violation of this chapter has occurred and the Board of Supervisors agrees, the Board may impose one or more of the following sanctions:

1. Beginning July 1, 2015, each tax agent who has violated the requirements of this chapter shall be refused permission to address any County official during such period as such violation of this chapter continues, including any failure to satisfy any penalties imposed under this chapter.

2. Each tax agent who has violated the requirements of this chapter

shall be liable in a civil action brought by the County for an amount up to \$5,000.00 for each such violation.

3. The registration of each tax agent who violates the requirements of this chapter shall be terminated. Such tax agent shall be required to pay all fees required by this chapter and satisfy all other penalties imposed under this section, and shall not be permitted to again register as a tax agent as follows:

a. A tax agent determined to be a first-time violator of this chapter shall be prohibited from again registering for a period of up to three months following the Board's approval of the termination of the registration;

b. A tax agent determined to have previously violated this chapter shall be prohibited from again registering for a period of up to six months following the Board's approval of the termination of the registration;

c. A tax agent determined to have previously violated this chapter on two or more occasions shall be prohibited from again registering for a period of up to twelve months following the Board's approval of the termination of the registration.

4. In addition to the penalties set forth in this chapter, any violation of this chapter shall be subject to an administrative fine of up to \$5,000.00, and a noncompliance fee of up to \$5,000.00. Any administrative fines or noncompliance fees shall be issued pursuant to the provisions of Chapter 1.25 of this Code. The Executive Officer shall be designated as the enforcement officer for determination and imposition of the administrative fines and noncompliance fees to be issued and for providing representation, either directly or in conjunction with other County departments, on

behalf of the County before the administrative hearing officer as provided for in Chapter 1.25 of this Code.

5. Notwithstanding the provisions of subsection C (4) above, no administrative fine shall be issued if a violation of this chapter is cured within thirty (30) days of the date in which the tax agent receives notice of the violation from the Executive Officer.

6. The Board of Supervisors may, in its discretion, waive any penalties provided for in this section, in whole or in part, if it determines that there was no willful violation of this chapter and collection of the penalties would not further the purposes of this chapter.

D. Prior to July 1, 2015, if the Executive Officer's determination is that a violation of this chapter has occurred and the Board of Supervisors agrees, the Executive Officer shall issue a notice of violation specifying a correction period for the tax agent to come into compliance.

E. The Executive Officer may develop rules for the administration of this chapter. Such rules shall be presented to the Board of Supervisors and shall become effective if approved by a majority vote of the Board.

F. The regulations imposed by this chapter are enacted pursuant to Article III, Section 11(6) of the Charter of the County of Los Angeles and California Government Code Section 25207.1. The provisions of Chapter 1.24 of this Code shall not apply to the provisions of this chapter.

[2165010DHCC]